

671108

OMB No. 1545-0130

**Schedule K-1
(Form 1120S)**

Department of the Treasury
Internal Revenue Service

2008

For calendar year 2008 or tax

year beginning

ending

Shareholder's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1

☐ Amended K-1

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	13	Credits
	-14,560		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction	16	Items affecting shareholder basis
		C*	STMT
12	Other deductions		
G	750		
		17	Other information
* See attached statement for additional information.			

Part I Information About the Corporation

A Corporation's employer identification number

41-0905409

B Corporation's name address city state and ZIP code

Asheville Arts Center, Inc.

308 Merrimon Avenue

Asheville

NC 28801

C IRS Center where corporation filed return

e-file

Part II Information About the Shareholder

D Shareholder's identifying number

41-0905409

E Shareholder's name, address, city state and ZIP code

Heather L Taft

PO Box 8323

Asheville

NC 28814-8323

F Shareholder's percentage of stock ownership for tax year

100.000000 %



For IRS Use Only

Schedule K-1 (Form 1120S) 2008

Page 2

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
1. Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:	M Credit for increasing research activities	See the Shareholder's Instructions
Passive loss	N Credit for employer social security and Medicare taxes	Form 8846 line 5
Passive income	O Backup withholding	Form 1040 line 62
Nonpassive loss	P Other credits	See the Shareholder's Instructions
Nonpassive income		
2. Net rental real estate income (loss)	14. Foreign transactions	
3. Other net rental income (loss)	A Name of country or U S possession	Form 1116 Part I
Net income	B Gross income from all sources	
Net loss	C Gross income sourced at shareholder level	
4. Interest income	Foreign gross income sourced at corporate level	
5a. Ordinary dividends	D Passive category	Form 1116 Part I
5b. Qualified dividends	E General category	
6. Royalties	F Other	
7. Net short-term capital gain (loss)	Deductions allocated and apportioned at shareholder level	
8a. Net long-term capital gain (loss)	G Interest expense	Form 1116 Part I
8b. Collectibles (28%) gain (loss)	H Other	Form 1116 Part I
	Deductions allocated and apportioned at corporate level to foreign source income	
8c. Unrecaptured section 1250 gain	I Passive category	Form 1116 Part I
9. Net section 1231 gain (loss)	J General category	
	K Other	
10. Other income (loss)	Other information	
Code	L Total foreign taxes paid	Form 1116 Part II
A Other portfolio income (loss)	M Total foreign taxes accrued	Form 1116, Part II
B Involuntary conversions	N Reduction in taxes available for credit	Form 1116, line 12
C Sec. 1256 contracts & straddles	O Foreign trading gross receipts	Form 8873
D Mining exploration costs recapture	P Extraterritorial income exclusion	Form 8873
E Other income (loss)	Q Other foreign transactions	See the Shareholder's Instructions
11. Section 179 deduction		
12. Other deductions	15. Alternative minimum tax (AMT) items	
A Cash contributions (50%)	A Post-1986 depreciation adjustment	See the Shareholder's Instructions and the Instructions for Form 6251
B Cash contributions (30%)	B Adjusted gain or loss	
C Noncash contributions (50%)	C Depletion (other than oil & gas)	
D Noncash contributions (30%)	D Oil, gas, & geothermal—gross income	
E Capital gain property to a 50% organization (30%)	E Oil, gas, & geothermal—deductions	
F Capital gain property (20%)	F Other AMT items	
G Contributions (100%)		
H Investment interest expense	16. Items affecting shareholder basis	
I Deductions—royalty income	A Tax-exempt interest income	Form 1040 line 8b
J Section 59(e)(2) expenditures	B Other tax-exempt income	See the Shareholder's Instructions
K Deductions—portfolio (2% floor)	C Nondeductible expenses	
L Deductions—portfolio (other)	D Property distributions	
M Preproductive period expenses	E Repayment of loans from shareholders	
N Commercial revitalization deduction from rental real estate activities		
O Reforestation expense deduction	17. Other information	
P Domestic production activities information	A Investment income	Form 4952 line 4a
Q Qualified production activities income	B Investment expenses	Form 4952, line 5
R Employer's Form W-2 wages	C Qualified rehabilitation expenditures (other than rental real estate)	See the Shareholder's Instructions
S Other deductions	D Basis of energy property	See the Shareholder's Instructions
13. Credits	E Recapture of low-income housing credit (section 42(j)(5))	Form 8611 line 8
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	F Recapture of low-income housing credit (other)	Form 8611, line 8
B Low-income housing credit (other) from pre-2008 buildings	G Recapture of investment credit	See Form 4255
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings	H Recapture of other credits	See the Shareholder's Instructions
D Low-income housing credit (other) from post-2007 buildings	I Look-back interest—completed long-term contracts	See Form 8697
E Qualified rehabilitation expenditures (rental real estate)	J Look-back interest—income forecast method	See Form 8866
F Other rental real estate credits	K Dispositions of property with section 179 deductions	See the Shareholder's Instructions
G Other rental credits	L Recapture of section 179 deduction	
H Undistributed capital gains credit	M Section 453(l)(3) information	
I Alcohol and cellulosic biofuel fuels credit	N Section 453A(c) information	
J Work opportunity credit	O Section 1260(b) information	
K Disabled access credit	P Interest allocable to production expenditures	
L Empowerment zone and renewal community employment credit	Q CCF nonqualified withdrawals	
	R Depletion information—oil and gas	
	S Amortization of reforestation costs	
	T Other information	

Federal Statements**Heather L Taft****Schedule K-1, Box 16, Code C - Nondeductible Expenses**

<u>Description</u>	<u>Amount</u>
Shareholder Health Insurance	\$ 2,609
Penalties	2,521
Page 1 Meals/Entertainment	1,927
Total	<u>\$ 7,057</u>

NC K-1 (42)
(CD-401S)
10-27-08

**Shareholder's Share of
N.C. Income, Adjustments, and Credits**
North Carolina Department of Revenue

For calendar year 2008 or other year starting 08 and ending

Part. 1 Information about the Corporation	Part. 2 Information about the Shareholder
<p>A. Corporation's Employer Identification Number [REDACTED]</p> <p>B. Corporation's Name, Address, and Zip Code ASHEVILLE ARTS CENTER, INC. 308 MERRIMON AVENUE ASHEVILLE NC 28801</p> <p>C. Has Nonresident Shareholder Agreement Form NC-NA been filed?</p>	<p>A. Shareholder's Identifying Number [REDACTED]</p> <p>B. Shareholder's Name, Address, and Zip Code HEATHER L TAFT PO BOX 8323 ASHEVILLE NC 28814-8323</p> <p>C. Shareholder's percentage of stock ownership for tax year 100.0000%</p>
Part. 3 Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items	
All Shareholders	
<p>1. Share of corporation income (loss) Line 1 should already be included in federal taxable income</p> <p>2. Additions to income (loss)</p> <p style="padding-left: 20px;">a. Additions to Bonus Depreciation Enter here and on Form D-400, Page 3, Line 38</p> <p style="padding-left: 20px;">b. Other Additions to income (loss) Enter here and on Form D-400, Page 3, Line 39</p> <p>3. Deductions from income (loss) Enter here and on Form D-400, Page 3, Line 49</p> <p>4. Share of tax credits Enter here and on Form D-400TC, see Form D-400 Instructions</p> <p>5. Share of tax withheld from nonwage compensation paid for personal services performed in N.C. Enter here and on Form D-400, Page 2, Line 19</p>	<p>-14560</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>
Nonresidents Only	
<p>6. Nonresident's share of N.C. taxable income (loss) Enter here and on Form D-400, Page 4, Line 51</p> <p>7. Nonresident's share of separately stated items of income Line 7 should already be included in federal taxable income</p> <p>8. Nonresident's share of net tax paid by the S Corporation Enter here and on Form D-400, Page 2, Line 20d</p>	<p>0</p> <p>0</p> <p>0</p>

NC Shareholder's Share of Deductions Worksheet

Form **NC K-1**

2008

For calendar year 2008, or other tax year beginning , ending

Name Asheville Arts Center, Inc., Heather L Taft	NC Secretary of State ID Number	Federal Employer ID Number [REDACTED] [REDACTED]
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Contributions:

Total contributions to NC	
Contributions to NC donees	750
Contributions to donees outside NC	
Section 179 deduction	

Bonus Depreciation

Bonus depreciation adjustments:	Prior Year Add Back Amount	Net State Adjustment
2008		
2004		
2003		
2002		
2001		
2000		

Form **1120S****U.S. Income Tax Return for an S Corporation**

OMB No. 1545-0130

2009Department of the Treasury
Internal Revenue Service▶ Do not file this form unless the corporation has filed or is
attaching Form 2553 to elect to be an S corporation.
▶ See separate instructions.

For calendar year 2009 or tax year beginning , ending

A Selection effective date 05/18/04	Use IRS label. Other- wise, print or type.	Name Asheville Arts Center, Inc.	D Employer identification number [REDACTED]
B Business activity code number (see instructions) 711100		Number street and room or suite no. If a P O box see instructions. 308 Merrimon Avenue	E Date incorporated 05/18/2004
C Check if Sch M-3 attached <input type="checkbox"/>		City or town state, and ZIP code Asheville NC 28801	F Total assets (see instructions) \$ 135,904

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed**H** Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change
(4) ☐ Amended return (5) ☐ S election termination or revocation**I** Enter the number of shareholders who were shareholders during any part of the tax year **1****Caution.** Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales 572,712	b Less returns and allowances	c Bal ▶	1c	572,712
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit Subtract line 2 from line 1c			3	572,712
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4	-516
	5 Other income (loss) (see instructions—attach statement)			5	
	6 Total income (loss). Add lines 3 through 5			6	572,196
Deductions (see instructions for limitations)	7 Compensation of officers			7	
	8 Salaries and wages (less employment credits)			8	85,657
	9 Repairs and maintenance			9	5,700
	10 Bad debts			10	
	11 Rents			11	59,455
	12 Taxes and licenses			12	12,655
	13 Interest			13	7,395
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)			14	1,532
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	52,082
	17 Pension, profit-sharing, etc., plans			17	
	18 Employee benefit programs			18	
	19 Other deductions (attach statement) See Stmt 1			19	295,170
	20 Total deductions. Add lines 7 through 19			20	519,646
	21 Ordinary business income (loss). Subtract line 20 from line 6			21	52,550
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		22c	
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b (see instructions for additional taxes)				
	23a 2009 estimated tax payments and 2008 overpayment credited to 2009	23a			
	b Tax deposited with Form 7004	23b			
	c Credit for federal tax paid on fuels (attach Form 4136)	23c			
	d Add lines 23a through 23c			23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	
27 Enter amount from line 26 Credited to 2010 estimated tax ▶ Refunded ▶			27		

**Sign
Here**Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements,
and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer)
is based on all information of which preparer has any knowledgeMay the IRS discuss this return with the preparer
shown below (see instructions)? ☒ Yes ☐ NoSignature of officer **Heather Taft**

Date

President

Title

**Paid
Preparer's
Use Only**Preparer's
signature ▶

Date

04/22/10Check if self-
employed ☐

Preparer's SSN or PTIN

P00495726Firm's name (or
yours if self-employed)
address, and ZIP code ▶**Gabler Molis & Company, PA****32 Orange St****Asheville, NC****28801-2914**EIN **[REDACTED]**Phone no.
828-281-3161

Form 1120S (2009) **Asheville Arts Center, Inc.**

Page 2

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory: (i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (Specify method used and attach explanation) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year enter percentage (or amounts) of closing inventory computed under LIFO **9d** ☐ Yes ☐ No

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

Schedule B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2 See the instructions and enter the: a Business activity ▶ Art School b Product or service ▶ Music & Dance		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c)) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned and (c) if 100% owned, was a QSub election made?		X
4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments ▶ <input type="checkbox"/>		
6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
8 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		X

Schedule K Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1 line 21)	52,550
2 Net rental real estate income (loss) (attach Form 8825)	
3a Other gross rental income (loss)	
3b Expenses from other rental activities (attach statement)	
3c Other net rental income (loss). Subtract line 3b from line 3a	
4 Interest income	
5 Dividends: a Ordinary dividends	
b Qualified dividends	
6 Royalties	
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	
b Collectibles (28%) gain (loss)	
c Unrecaptured section 1250 gain (attach statement)	
9 Net section 1231 gain (loss) (attach Form 4797)	-2,881
10 Other income (loss) (see instructions) Type ▶	

Form **1120S** (2009)

Form 1120S (2009) **Asheville Arts Center, Inc.**

Page 3

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	2,515
	12a Contributions	12a	400
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c(2)	
	d Other deductions (see instructions) Type ▶	12d	
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instructions) Type ▶	13d	
	e Other rental credits (see instructions) Type ▶	13e	
	f Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
Foreign Transactions	14a Name of country or U S possession ▶		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d Passive category	14d	
	e General category	14e	
	f Other (attach statement) Deductions allocated and apportioned at shareholder level	14f	
	g Interest expense	14g	
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i Passive category	14i	
	j General category	14j	
	k Other (attach statement) Other information	14k	
	l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m Reduction in taxes available for credit (attach statement)	14m	
	n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties—gross income	15d	
	e Oil, gas, and geothermal properties—deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	1,144
	d Property distributions	16d	54,710
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	46,754

Form 1120S (2009)

Form 1120S (2009) **Asheville Arts Center, Inc.**

Page 4

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		237		-17,359
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	((
3	Inventories				
4	U S government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders		123,132		123,156
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	39,315		41,672	
b	Less accumulated depreciation	(9,415	29,900	(13,065	28,607
11a	Depletable assets				
b	Less accumulated depletion	((
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	((
14	Other assets (attach statement) Stmt 3				1,500
15	Total assets		153,269		135,904
Liabilities and Shareholders' Equity					
16	Accounts payable		7		
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement) Stmt 4		36,255		44,572
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		117,593		101,018
21	Other liabilities (attach statement)				
22	Capital stock		10,000		10,000
23	Additional paid-in capital				
24	Retained earnings		-10,586		-19,686
25	Adjustments to shareholders equity (attach statement)				
26	Less cost of treasury stock	((
27	Total liabilities and shareholders' equity		153,269		135,904

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

1	Net income (loss) per books	45,610	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$ 1,144		7	Add lines 5 and 6	
		1,144	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	46,754
4	Add lines 1 through 3	46,754			

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders undistributed taxable income previously taxed
1	Balance at beginning of tax year	-10,586	
2	Ordinary income from page 1 line 21	52,550	
3	Other additions		
4	Loss from page 1 line 21	(
5	Other reductions Stmt 5	(6,940	
6	Combine lines 1 through 5	35,024	
7	Distributions other than dividend distributions	54,710	
8	Balance at end of tax year. Subtract line 7 from line 6	-19,686	

671109

**Schedule K-1
 (Form 1120S)**

Department of the Treasury
 Internal Revenue Service

2009

For calendar year 2009 or tax
 year beginning _____
 ending _____

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0130

**Shareholder's Share of Income, Deductions,
 Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
 [REDACTED]

B Corporation's name address city state, and ZIP code
Asheville Arts Center, Inc.

308 Merrimon Avenue
Asheville NC 28801

C IRS Center where corporation filed return
e-file

Part II Information About the Shareholder

D Shareholder's identifying number
 [REDACTED]

E Shareholder's name, address, city state and ZIP code
Heather L Taft
PO Box 8323

Asheville NC 28814-8323

F Shareholder's percentage of stock
 ownership for tax year **100.000000 %**



For IRS Use Only

**Part III Shareholder's Share of Current Year Income,
 Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	13	Credits
	52,550		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
	-2,881		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction	16	Items affecting shareholder basis
	2,515	C*	1,144
12	Other deductions		
A	400	D	54,710
		17	Other information

* See attached statement for additional information.

Form **4562**

Department of the Treasury
Internal Revenue Service

(99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0172

2009

Attachment
Sequence No. **67**

Name(s) shown on return

Asheville Arts Center, Inc.

Identifying number

Business or activity to which this form relates

Regular Depreciation

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	250,000
2	Total cost of section 179 property placed in service (see instructions)	2	2,515
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	Furniture for South Office	2,515	2,515
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	2,515
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	2,515
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	49,669
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	2,515
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instr.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	1,522
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property	11/28/09	3,120	39 yrs.	MM	S/L	10

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g) and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	1,532
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions

Form **4562** (2009)

DAA

There are no amounts for Page 2

Form **4797**

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

2009

Attachment
Sequence No. **27**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.

▶ See separate instructions.

Name(s) shown on return

Identifying number

Asheville Arts Center, Inc.

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

2 (a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
South Leasehold Improvements	07/15/07	11/30/09		397	3,278	-2,881

3 Gain, if any, from Form 4684, line 43

3

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37

4

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824

5

6 Gain, if any, from line 32, from other than casualty or theft

6

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:

7

-2,881

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. **Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)

8

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)

9

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

2009 Computer	05/22/09	12/31/09			516	-516
----------------------	-----------------	-----------------	--	--	------------	-------------

11 Loss, if any, from line 7

11

12 Gain, if any, from line 7 or amount from line 8, if applicable

12

13 Gain, if any, from line 31

13

14 Net gain or (loss) from Form 4684, lines 35 and 42a

14

15 Ordinary gain from installment sales from Form 6252, line 25 or 36

15

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824

16

17 Combine lines 10 through 16

17

-516

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 39, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797 line 18a." See instructions.

18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2009)

There are no amounts for Page 2

10087 Asheville Arts Center, Inc

4/22/2010 3:51 PM

Federal Statements

FYE: 12/31/2009

Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions

<u>Description</u>	<u>Amount</u>
Accrual to cash adjustment	\$ -10,750
Art Supplies	5
Automobile Expense	
Bank Charges	6,104
Birthday Party Exp	632
Business Gifts	231
Business Insurance	400
Claims	
Commissions	541
Contract Services	125
Credit Card Fees	8,380
Dance supplies	3,138
Drama Supplies	24,202
Dues & Subscriptions	
Equipment Expense	677
Equipment Lease	580
Instructor Expenses	
Insurance Expense	3,410
Miscellaneous	125
Music Supplies	14,917
Networking	
Office Supplies	2,574
Parents Night Out	-29
Parking Lot Rent	2,675
Postage	356
Preschool Expenses	549
Professional Fees	16,854
Program Expense	
Referral Fees	700
Refund	2,281
Registration fees	
Returnen Deposit	41
School supplies	9,088
Service Charges	383
Space Rental	
Teachers	181,112
Travel	224
Utilities	23,500
Website	1,000
50% of Meals & Entertainment	1,145
Total	\$ 295,170

10087 Asheville Arts Center, Inc.

Federal Statements

4/22/2010 3:51 PM

FYE: 12/31/2009

Statement 2 - Form 1120S, Page 3, Schedule K, Line 12a - Cash Contributions

Description	Cash		Cash		Total	
	Contributions	Contrib 50%	Contrib 30%			
	\$	400	\$		\$	400
Total	\$	400	\$	0	\$	400

Federal Statements

FYE: 12/31/2009

Statement 3 - Form 1120S, Page 4, Schedule L, Line 14 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Deposit	\$	\$ 1,500
Total	\$ 0	\$ 1,500

Statement 4 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Payroll Tax	\$ 28,015	\$ 37,572
due To Nora Vitro	8,000	7,000
Other current Liabilities	240	
Total	\$ 36,255	\$ 44,572

Form 1120S, Page 4, Schedule M-1, Line 3 - Expenses on Books Not on Return

<u>Description</u>	<u>Amount</u>
Shareholder Health Insurance Penalties	\$
Total	\$ 0

Statement 5 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions

<u>Description</u>	<u>Amount</u>
Disallowed Entertainment Exp	\$ 1,144
Net Sec 1231 Loss	2,881
Charitable Contributions	400
Sec 179 Expense	2,515
Total	\$ 6,940

10087 Asheville Arts Center, Inc.

4/22/2010 3:51 PM

~~11-1818510~~**Federal Statements**

FYE: 12/31/2009

Heather L Taft**302-74-2212****Schedule K-1, Box 16, Code C - Nondeductible Expenses**

<u>Description</u>	<u>Shareholder Amount</u>
Shareholder Health Insurance	\$ 0
Penalties	0
Page 1 Meals/Entertainment	1,144
Total	<u>\$ 1,144</u>

10087 Asheville Arts Center, Inc.

04/22/2010 3:51 PM

Federal Asset Report

Form 1120S, Page 1

FYE: 12/31/2009

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Section 179 Expense:										
6	Furniture for South Office	11/25/09	2,515		X	X	N/A	7 HY 200DB	0	2,515
			<u>2,515</u>				<u>N/A</u>		<u>0</u>	<u>2,515</u>
5-year GDS Property:										
9	2009 Computer	5/22/09	516			X	516	5 HY 200DB	0	0
	Sold/Scrapped: 12/31/09		<u>516</u>				<u>516</u>		<u>0</u>	<u>0</u>
7-year GDS Property:										
6	Furniture for South Office	11/25/09	N/A*		X	X	0	7 HY 200DB	0	0
			<u>0</u>				<u>0</u>		<u>0</u>	<u>0</u>
Non-Residential Real Property:										
8	Leasehold Improvements New South Location	1/28/09	3,120				3,120	39 MMS/L	0	10
			<u>3,120</u>				<u>3,120</u>		<u>0</u>	<u>10</u>
Prior MACRS:										
1	Leasehold Improvements	8/15/08	9,227				9,227	39 MMS/L	89	236
3	Leasehold Improvements	7/15/07	16,222				16,222	39 MMS/L	406	416
4	Equipment	7/15/07	10,588				10,588	5 HY 200DB	8,597	796
5	South Leasehold Improvements	7/15/07	3,278				3,278	39 MMS/L	323	74
	Sold/Scrapped: 11/30/09		<u>39,315</u>				<u>39,315</u>		<u>9,415</u>	<u>1,522</u>
Grand Totals			45,466				42,951		9,415	4,047
Less: Dispositions and Transfers			3,794				3,794		323	74
Less: Start-up/Org Expense			0				0		0	0
Net Grand Totals			<u>41,672</u>				<u>39,157</u>		<u>9,092</u>	<u>3,973</u>

*Because this asset has 179 expense, its cost has been included in the Section 179 Property cost total

10087 Asheville Arts Center, Inc.

04/22/2010 3:51 PM

Bonus Depreciation Report

FYE: 12/31/2009

Asset	Property Description	Date In Service	Tax Cost	Bus Pct	Tax Sec 179 Exp	Current Bonus	Prior Bonus	Tax - Basis for Depr
Activity: Form 1120S, Page 1								
6	Furniture for South Office	11/25/09	2,515		2,515	0	0	0
9	2009 Computer	5/22/09	516		0	0	0	516
	Form 1120S, Page 1		3,031		2,515	0	0	516
	*Less: Dispositions and Transfers		516		0	0	0	516
	Net Form 1120S, Page 1		2,515		2,515	0	0	0
	Grand Total		3,031		2,515	0	0	516
	Less: Dispositions and Transfers		516		0	0	0	516
	Net Grand Total		2,515		2,515	0	0	0

10087 Asheville Arts Center, Inc

04/22/2010 3:51 PM

AMT Asset Report

FYE: 12/31/2009

Form 1120S, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Section 179 Expense:										
6	Furniture for South Office	11/25/09	2,515		X	X	N/A	7 HY 200DB	0	2,515
			<u>2,515</u>				<u>N/A</u>		<u>0</u>	<u>2,515</u>
5-year GDS Property:										
9	2009 Computer	5/22/09	516			X	516	5 HY 200DB	0	0
	Sold/Scrapped: 12/31/09		<u>516</u>				<u>516</u>		<u>0</u>	<u>0</u>
7-year GDS Property:										
6	Furniture for South Office	11/25/09	N/A*		X	X	0	7 HY 200DB	0	0
			<u>0</u>				<u>0</u>		<u>0</u>	<u>0</u>
Non-Residential Real Property:										
8	Leasehold Improvements New South Location	1/28/09	3,120				3,120	39 MMS/L	0	10
			<u>3,120</u>				<u>3,120</u>		<u>0</u>	<u>10</u>
Prior MACRS:										
1	Leasehold Improvements	8/15/08	9,227				9,227	39 MMS/L	89	236
3	Leasehold Improvements	7/15/07	16,222				16,222	39 MMS/L	406	416
4	Equipment	7/15/07	10,588				10,588	5 HY 200DB	8,597	796
5	South Leasehold Improvements	7/15/07	3,278				3,278	39 MMS/L	323	74
	Sold/Scrapped: 11/30/09		<u>39,315</u>				<u>39,315</u>		<u>9,415</u>	<u>1,522</u>
Grand Totals			45,466				42,951		9,415	4,047
Less: Dispositions and Transfers			3,794				3,794		323	74
Net Grand Totals			<u>41,672</u>				<u>39,157</u>		<u>9,092</u>	<u>3,973</u>

*Because this asset has 179 expense, its cost has been included in the Section 179 Property cost total

10087 Asheville Arts Center, Inc.

04/22/2010 3:51 PM

ACE Asset Report

Form 1120S, Page 1

FYE: 12/31/2009

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Section 179 Expense:										
6	Furniture for South Office	11/25/09	2,515		X	X	N/A	7 HY 200DB	0	2,515
			<u>2,515</u>				<u>N/A</u>		<u>0</u>	<u>2,515</u>
5-year GDS Property:										
9	2009 Computer	5/22/09	516			X	516	5 HY 200DB	0	0
	Sold/Scrapped: 12/31/09		<u>516</u>				<u>516</u>		<u>0</u>	<u>0</u>
7-year GDS Property:										
6	Furniture for South Office	11/25/09	N/A*		X	X	0	7 HY 200DB	0	0
			<u>0</u>				<u>0</u>		<u>0</u>	<u>0</u>
Non-Residential Real Property:										
8	Leasehold Improvements New South Location	1/28/09	3,120				3,120	39 MM S/L	0	10
			<u>3,120</u>				<u>3,120</u>		<u>0</u>	<u>10</u>
Prior MACRS:										
1	Leasehold Improvements	8/15/08	9,227				9,227	39 MM S/L	89	236
3	Leasehold Improvements	7/15/07	16,222				16,222	39 MM S/L	406	416
4	Equipment	7/15/07	10,588				10,588	5 HY 200DB	8,597	796
5	South Leasehold Improvements	7/15/07	3,278				3,278	39 MM S/L	323	74
	Sold/Scrapped: 11/30/09		<u>39,315</u>				<u>39,315</u>		<u>9,415</u>	<u>1,522</u>
Grand Totals			45,466				42,951		9,415	4,047
Less: Dispositions and Transfers			3,794				3,794		323	74
Net Grand Totals			<u>41,672</u>				<u>39,157</u>		<u>9,092</u>	<u>3,973</u>

*Because this asset has 179 expense, its cost has been included in the Section 179 Property cost total

10087 Asheville Arts Center, Inc

04/22/2010 3:51 PM

Depreciation Adjustment Report

FYE: 12/31/2009

All Business Activities

<u>Form</u>	<u>Unit</u>	<u>Asset</u>	<u>Description</u>	<u>Tax</u>	<u>AMT</u>	<u>AMT Adjustments/ Preferences</u>
MACRS Adjustments:						
Page 1	1	1	Leasehold Improvements	236	236	0
Page 1	1	3	Leasehold Improvements	416	416	0
Page 1	1	4	Equipment	796	796	0
Page 1	1	5	South Leasehold Improvements	74	74	0
Page 1	1	6	Furniture for South Office	2,515	2,515	0
Page 1	1	8	Leasehold Improvements New South Location	10	10	0
Page 1	1	9	2009 Computer	0	0	0
				<u>4,047</u>	<u>4,047</u>	<u>0</u>

Future Depreciation Report FYE: 12/31/10

FYE: 12/31/2009

Form 1120S, Page 1

<u>Asset</u>	<u>Description</u>	<u>Date In Service</u>	<u>Cost</u>	<u>Tax</u>	<u>AMT</u>
<u>Prior MACRS:</u>					
1	Leasehold Improvements	8/15/08	9,227	237	237
3	Leasehold Improvements	7/15/07	16,222	416	416
4	Equipment	7/15/07	10,588	478	478
6	Furniture for South Office	11/25/09	2,515	0	0
8	Leasehold Improvements New South Location	11/28/09	3,120	80	80
			<u>41,672</u>	<u>1,211</u>	<u>1,211</u>
Grand Totals			<u>41,672</u>	<u>1,211</u>	<u>1,211</u>

Form 1120S	Retained Earnings Reconciliation Worksheet	2009
For calendar year 2009 or tax year beginning _____, ending _____		

Name Asheville Arts Center, Inc.	Employer Identification Number <div style="background-color: black; width: 100px; height: 1em;"></div>
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Schedule L - Retained Earnings

Retained Earnings - Unappropriated	0
Accumulated Adjustments Account	-19,686
Other Adjustments Account	0
Undistributed Previously Taxed Income	0
 Schedule L, Line 24 - Retained Earnings	 -19,686

Schedule M-2 - Retained Earnings

	Accumulated Adjustments Account	Other Adjustments Account	Undistributed Previously Taxed Income	Retained Earnings Unappropriated/ Timing Differences	Total Retained Earnings
Beg Yr Bal	-10,586	0	0	0	-10,586
Ordinary Inc (Loss)	52,550				52,550
Other Additions					
Other Reductions	6,940				6,940
Distributions	54,710				54,710
 End Yr Bal	 -19,686	 0	 0	 0	 -19,686

Form 1120S	Schedule K-1 Summary Worksheet	2009
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Name Asheville Arts Center, Inc.	Employer Identification Number [REDACTED]
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	Shareholder Name	SSN/EIN
Column A	Heather L Taft	[REDACTED]
Column B		
Column C		
Column D		

	Schedule K Items	Column A	Column B	Column C	Column D	Sch K Total
1	Ordinary income	52,550				52,550
2	Net rental RE inc					
3c	Net other rental inc					
4	Interest income					
5a	Ordinary dividends					
5b	Qualified dividends					
6	Royalties					
7	Net ST capital gain					
8a	Net LT capital gain					
8b	Collectibles 28% gain					
8c	Unrecap Sec 1250					
9	Net Sec 1231 gain	-2,881				-2,881
10	Other income (loss)					
11	Sec 179 deduction	2,515				2,515
12a	Contributions	400				400
12b	Invest interest exp					
12c	Sec 59(e)(2) exp					
12d	Other deductions					
13a,c	Low-inc house 42j5					
13b,d	Low-inc house other					
13e	Qualif rehab exp					
13f	Rental RE credits					
13g	Other rental credits					
13h	Fuel alcohol credit					
13i	Other credits					
14b	Gross inc all src					
14d-f	Total foreign inc					
14g-k	Total foreign deds					
14l	Total foreign taxes					
14m	Reduct in taxes					
15a	Depr adjustment					
15b	Adjusted gain (loss)					
15c	Depletion					
15d	Inc-oil/gas/geoth					
15e	Ded-oil/gas/geoth					
15f	Other AMT items					
16a	Tax-exempt interest					
16b	Other tax-exempt					
16c	Nonded expense	1,144				1,144
16d	Total property dist	54,710				54,710
16e	Shr loan repmts					
17a	Investment income					
17b	Investment expense					
18	Income (loss)	46,754				46,754

Form 1120S		Two Year Comparison Worksheet Page 1		2008 & 2009	
Name Asheville Arts Center, Inc.			Employer Identification Number [REDACTED]		
		2008	2009	Differences	
Income	Gross profit percentage	100.0000	100.0000		
	Gross receipts less returns and allowances	559,807	572,712	12,905	
	Cost of goods sold				
	Gross profit	559,807	572,712	12,905	
	Net gain (loss) from Form 4797		-516	-516	
	Other income (loss)				
	Total income (loss)	559,807	572,196	12,389	
Deductions	Compensation of officers				
	Salaries and wages less employment credits	177,059	85,657	-91,402	
	Repairs and maintenance	6,979	5,700	-1,279	
	Bad debts				
	Rents	68,399	59,455	-8,944	
	Taxes and licenses	18,883	12,655	-6,228	
	Interest	16,829	7,395	-9,434	
	Depreciation	1,830	1,532	-298	
	Depletion				
	Advertising	35,449	52,082	16,633	
	Pension, profit-sharing etc., plans				
	Employee benefit programs	7		-7	
	Other deductions	248,932	295,170	46,238	
	Total deductions	574,367	519,646	-54,721	
	Ordinary business income (loss)	-14,560	52,550	67,110	
Tax and Payments	Excess net passive income or LIFO recapture tax				
	Tax from Schedule D				
	Total tax	0	0	0	
	Estimated tax and prior year overpayment credited				
	Tax deposited with Form 7004				
	Credit for federal tax paid on fuels				
	Refund applied for on Form 4466	()	()		
	Total payments and credits				
	Tax due (overpayment)	0	0	0	
	Estimated tax penalty from Form 2220				
	Penalties and interest				
	Net tax due (overpayment)	0	0	0	
Overpayment credited to next year's estimated tax					
Overpayment refunded					

Form 1120S	Two Year Comparison Worksheet Page 2	2008 & 2009
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Name Asheville Arts Center, Inc.	Employer Identification Number [REDACTED]
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		2008	2009	Differences
Income (Loss)	Ordinary business income (loss)	-14,560	52,550	67,110
	Net rental real estate income (loss)			
	Other net rental income (loss)			
	Interest income			
	Dividend income			
	Royalties			
	Net short-term capital gain (loss)			
	Net long-term capital gain (loss)			
	Net Section 1231 gain (loss)		-2,881	-2,881
	Other income (loss)			
Deductions	Section 179 deduction		2,515	2,515
	Charitable contributions	750	400	-350
	Investment interest expense			
	Section 59(e)(2) expenditures			
	Other deductions			
Credits	Low-income housing credit (Section 42(j)(5))			
	Low-income housing credit (other)			
	Qualified rehabilitation expenditures (rental real estate)			
	Other rental real estate credits			
	Other rental credits			
	Alcohol and cellulosic biofuel fuels credit			
Foreign Transactions	Other credits			
	Total foreign gross income			
	Total foreign deductions			
	Total foreign taxes			
AMT Items	Reduction in taxes available for credit			
	Post-1986 depreciation adjustment			
	Adjusted gain or loss			
	Depletion (other than oil and gas)			
	Oil, gas, and geothermal properties-gross income			
	Oil, gas, and geothermal properties-deductions			
Items Affecting S/H Basis	Other AMT items			
	Tax-exempt interest income			
	Other tax-exempt income			
	Nondeductible expenses	7,057	1,144	-5,913
	Property distributions		54,710	54,710
Other Information	Repayment of loans from shareholders			
	Investment income			
	Investment expenses			
	Dividend distributions paid from accumulated E&P			
	Income (loss) (if Schedule M-1 is required)	-15,310	46,754	62,064

Form **1120S****Two Year Comparison Worksheet Page 3****2008 & 2009**

Name

Asheville Arts Center, Inc.

Employer Identification Number

		2008	2009	Differences
Schedule L	Beginning assets	157,307	153,269	-4,038
	Beginning liabilities and equity	157,307	153,269	-4,038
	Ending assets	153,269	135,904	-17,365
	Ending liabilities and equity	153,269	135,904	-17,365
Schedule M-1	Net income (loss) per books	-22,367	45,610	67,977
	Taxable income not on books			
	Book expenses not deducted	7,057	1,144	-5,913
	Income on books not on return			
	Return deductions not on books			
	Income (loss) per return	-15,310	46,754	62,064
Schedule M-2 AAA	Balance at beginning of year	11,781	-10,586	-22,367
	Ordinary income (loss) from page 1, line 21	-14,560	52,550	67,110
	Other additions			
	Other reductions	7,807	6,940	-867
	Distributions other than dividend distributions		54,710	54,710
	Balance at end of year	-10,586	-19,686	-9,100
Schedule M-2 OAA	Balance at beginning of year			
	Other additions			
	Other reductions			
	Distributions other than dividend distributions			
	Balance at end of year			
Schedule M-2 PTI	Balance at beginning of year			
	Distributions other than dividend distributions			
	Balance at end of year			
Schedule M-3	Total income (loss) items:			
	Income (loss) per income statement			
	Temporary difference			
	Permanent difference			
	Income (loss) per tax return			
	Total expense/deduction items:			
	Expense per income statement			
	Temporary difference			
	Permanent difference			
	Deduction per tax return			
	Other items with no differences:			
	Income (loss) per income statement			
	Income (loss) per tax return			
	Reconciliation totals:			
	Income (loss) per income statement			
	Temporary difference			
	Permanent difference			
	Income (loss) per tax return			

10087 Asheville Arts Center, Inc

5 - Part 2 Page 28 of 30

4/22/2010 3:51 PM

Federal Statements

FYE: 12/31/2009

Form 1120S, Page 1, Line 12 - Taxes and Licenses

<u>Description</u>	<u>Amount</u>
Property taxes	\$ 3,654
Taxes	206
Payroll Taxes	8,795
Total	<u>\$ 12,655</u>

Form 1120S, Page 1, Line 13 - Interest

<u>Description</u>	<u>Amount</u>
Interest & Fees	\$ 7,395
Total	<u>\$ 7,395</u>

10087 Asheville Arts Center, Inc.

5 - Part 2 Page 29 of 30

4/22/2010 3:51 PM

Federal Statements

FYE: 12/31/2009

Form 1120S, Page 3, Schedule K, Line 16c - Nondeductible Expenses

<u>Description</u>	<u>Amount</u>
Shareholder Health Insurance	\$
Penalties	
Page 1 Meals/Entertainment	<u>1,144</u>
Total	<u>\$ 1,144</u>

10087 Asheville Arts Center, Inc.

5 - Part 2 Page 30 of 30

4/22/2010 3:51 PM

Federal Statements

FYE: 12/31/2009

Form 1120S, P4, Sch L, Line 20 - Mortgages, Notes Bonds Pay in One Year or More

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Greystone Loan	\$ 9,928	\$ 8,250
Carolina First Loan	84,746	72,247
Self Help Loan	22,919	20,521
Total	<u>\$ 117,593</u>	<u>\$ 101,018</u>